

Farm Credit Administration

§ 614.4600

in excess of this limitation shall have 2 years from the effective date of these regulations to reduce individual risk exposure to within this limitation.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§ 614.4570 General collateral requirements.

As a condition precedent to establishing a credit line with a bank, OFIs (except depository institutions) shall pledge as collateral for any and all obligations to the bank, cash, or readily marketable securities of high rating, in an amount to be determined by the bank. At the discretion of the bank, depository institutions may be required (unless prohibited by law or by supervisory authority) to deposit acceptable collateral. Securities and obligations pledged with the bank shall be deposited under a collateral pledge agreement pursuant to which all securities and obligations so pledged, including all substitutions and additions and the proceeds of any such collateral, including all income derived, shall be available to secure any and all obligations to the bank, whether direct or contingent, present or future.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§ 614.4580 Use of funds.

Funds obtained from the bank may not be used by an OFI to expand lending activity in loans which would be ineligible for discount.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§ 614.4590 General financing agreement.

An OFI desiring to access a bank shall execute a general financing agreement. The agreement shall state the general terms and conditions under which loans will be discounted or made or credit otherwise extended and shall provide for the OFI to periodically furnish the bank acceptable financial reports and any data necessary to assure that the OFI remains in compliance with these regulations. The agreement shall further provide that the OFI, other than a State bank, trust company, or savings association, agrees to

examination by the Farm Credit Administration if such examination is requested by the Chairman. With respect to an OFI which is a State bank, trust company, or savings association, the agreement shall provide that such OFI, at the request of the Chairman, consents that reports of its examination by constituted State authorities may be furnished by such authorities to the Farm Credit Administration.

[51 FR 41947, Nov. 20, 1986, as amended at 55 FR 24886, June 19, 1990]

§ 614.4600 Methods of financing.

(a) A bank may provide funds to OFIs by discounting or purchasing individual loans or by direct loan to the OFI, all subject to the following:

(1) Direct discount or purchase is normally made at full face value of the individual loan of acceptable quality. At the option of the bank, a loan of less than acceptable quality may be discounted or purchased at less than the full amount of such loans. In such transactions, the OFI shall be required to apply all repayments toward repayment of the amount of the less than acceptable loan discounted or purchased by the bank.

(2) A bank is authorized to make loans and advances to OFIs secured by notes or other such obligations of eligible borrowers defined in part 613 of these regulations; however, such loans or advances may be made to enable the OFI to make or carry loans to such bona fide farmers and ranchers or to producers or harvesters of aquatic products.

(b) The following classes of obligations are authorized for discount or purchase or as collateral for direct loans and advances to OFIs, subject to approval of the bank to which such securities are to be pledged:

(1) Obligations of eligible borrowers defined in part 613 of these regulations arising from direct credit extension by the OFI.

(2) Loan participations purchased.

(3) Obligations set forth in § 615.5140(a) which have been approved by the Farm Credit Administration for